

**§ 891.813 Eligible uses for assistance provided under this subpart.**

(a) Assistance under this subpart may be used to finance the construction, reconstruction, or rehabilitation of a structure or a portion of a structure; or the acquisition of a structure to be used as supportive housing for the elderly; or the acquisition of housing to be used as supportive housing for persons with disabilities. Such assistance may also cover the cost of real property acquisition, site improvement, conversion, demolition, relocation, and other expenses that the Secretary determines are necessary to expand the supply of supportive housing for the elderly and persons with disabilities.

(b) Assistance under this subpart may not be used for excess amenities, as stated in 24 CFR 891.120(c). Such amenities may be included in a mixed-finance development only if:

(1) The amenities are not financed with funds provided under the section 202 or 811 program;

(2) The amenities are not maintained and operated with section 202 or 811 funds;

(3) The amenities are designed with appropriate safeguards for the residents' health and safety; and

(4) The assisted residents are not required to use, participate in, or pay a fee for the use or maintenance of the amenities, although they are permitted to do so voluntarily. Any fee charged for the use, maintenance, or access to amenities by residents must be reasonable and affordable for all residents of the development.

(c) Notwithstanding any other provision of this section, §§ 891.220 and 891.315 on "prohibited facilities" apply to mixed-finance projects containing units assisted under section 202 or 811.

**§ 891.815 Developer's fee.**

(a) *Developer's fee cap.* No developer's fee shall be paid in excess of nine percent of the total project replacement costs.

(b) *Use of capital advance towards developer's fee.* A maximum of eight percent of the capital advance may be used towards payment of the developer's fee.

(c) *Eligible and ineligible uses of developer's fee.* (1) a developer's fee may be used to pay costs associated with developing the mixed-finance project, including, but not limited to:

(A) Reasonable profit and overhead of up to six percent of the total construction cost;

(B) The costs of necessary change orders approved by HUD prior to final project completion;

(C) Housing consultant services;

(D) Organizational expenses;

(E) The owner's cash requirement prior to initial closing, except as stated in paragraph (c)(2) of this section;

(F) Increased taxes and insurance caused by unavoidable delays in construction;

(G) Increases in otherwise eligible non-construction line items;

(H) Environmental studies;

(I) Appraisal costs;

(J) Capital expenditures, such as major moveable furnishings and equipment, including, but not limited to, office and maintenance equipment and furnishings for the public areas;

(K) Costs directly related to the rent-up of the project, such as advertisement;

(L) Accruals for taxes and insurance after completion of construction if current income from the project is insufficient to meet such accruals;

(M) Project contingency items for which two percent of the developer's fee is withheld at HUD approval of the capital advance; and

(N) Cost of obtaining a project cost estimate.

(2) A developer's fee may not be used for the following:

(A) Excess amenities;

(B) Fees to the architect and attorney above those contractually agreed to;

(C) Non-major equipment and furnishings;

(D) Items with short life cycles, such as office and maintenance supplies;

(E) Furnishings within the residential units; and

(F) Motor vehicles.

(d) *Unused developer's fee.* Amounts set aside from the 202 or 811 capital advance funds for the developer's fee that remain unused after the completion of construction are deposited in the

project's replacement reserve account at project completion.

**§ 891.818 Firm commitment application.**

(a) *New construction.* The mixed-finance owner and the Nonprofit Organization shall submit an application for a firm commitment for capital advance funding. The application shall consist of the required application form HUD 92013 and additional materials, including:

(1) Form HUD 92013-Supp, and any other supplementary forms or attachments to the application form that HUD requires;

(2) Organizational documents of the mixed-finance owner, including the partnership documents and organizational documents of the Nonprofit Organization that will receive the capital advance, together with an incumbency certificate listing all duly qualified and sitting officers and directors by title and the beginning and ending dates of each person's term;

(3) The name and address of the mixed-finance owner and the Nonprofit Organization, and the name, title, address, and telephone number of the respective officers to whom communications should be addressed;

(4) A balance sheet showing that the mixed-finance owner is adequately capitalized;

(5) Evidence that the sponsor, mixed-finance owner, or the Nonprofit Organization has control of the site of the proposed mixed-finance development, along with a legal description of the proposed site and a title report covering the site;

(6) The mixed-finance owner's submission showing proposed amounts and uses of the developer's fee, demonstrating compliance with 24 CFR 891.823;

(7) Evidence that the zoning for the site of the proposed mixed-finance project complies with existing zoning, or that any necessary zoning approvals or variances have been obtained;

(8) Number of units (with bedroom count) for which funds have been reserved under section 202 or 811, and, in the case of section 811 units, the population to be served in those units; the number of units (with bedroom count)

funded or financed from sources other than section 202 or 811, if any (if 811, the population to be served in the non-811 units including the number of persons with disabilities, if applicable); the types and amounts of non-dwelling space to be provided; whether the assisted units will be floating or designated fixed units (Uniform Federal Accessibility Standards (UFAS) accessible units must always be designated fixed units); evidence demonstrating that the development will comply with all fair housing and accessibility requirements, including the design and construction requirements of the Fair Housing Act; evidence demonstrating that units serving persons with disabilities will be dispersed throughout the development in the most integrated environment possible and other requirements of section 504 of the Rehabilitation Act of 1973; evidence demonstrating that the project will comply with accessibility requirements, project standards, and site and neighborhood standards under 24 CFR 891.120, 891.125, 891.210, 891.310, and 891.320, as applicable; and evidence demonstrating that the project will comply with 24 CFR 8.4(b)(5), which prohibits the selection of a site or location which has the purpose or effect of excluding persons with disabilities from federally-assisted programs or activities;

(9) The proposed development schedule for completion of the mixed-finance development, including the estimated time to complete each major development stage. If a mixed-finance development proposal will be implemented in phases, the mixed-finance owner must include in its proposal a general description of each planned phase of development, including:

- (A) The overall number of phases;
- (B) The intended scope of each phase (including number of units);
- (C) The anticipated sources and uses of financing for each phase; and
- (D) A schedule (to be approved by HUD) for submission of a supplementary proposal for each phase;

(10) A previous participation certificate for all officers and directors of the sponsor, mixed-finance owner, Nonprofit Organization, developer, housing